

Sterling under pressure post-BoE

In-line with expectations, the BoE opted to leave monetary policy on hold yesterday. Bank rate remains at 4.75%. However, the decision to hold was not unanimous. The MPC voted 6:3 in favour of the decision, with the three dissenters in favour of a 25bps rate cut. In the initial aftermath of the decision, futures contracts softened slightly. Current pricing is for around 55bps of rate cuts in the UK next year.

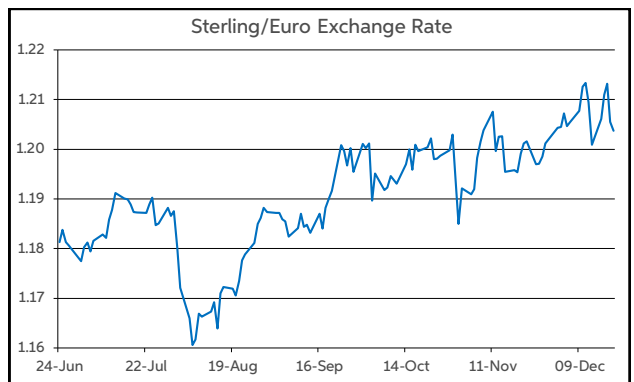
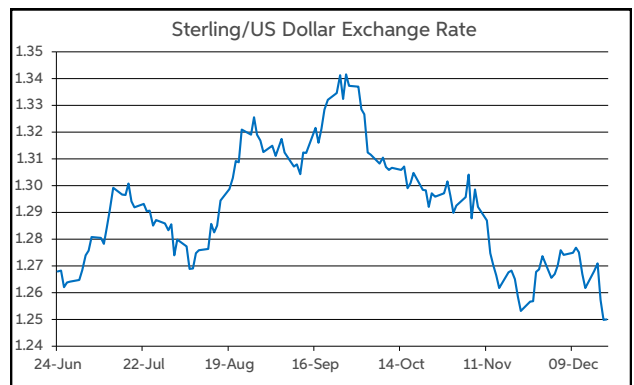
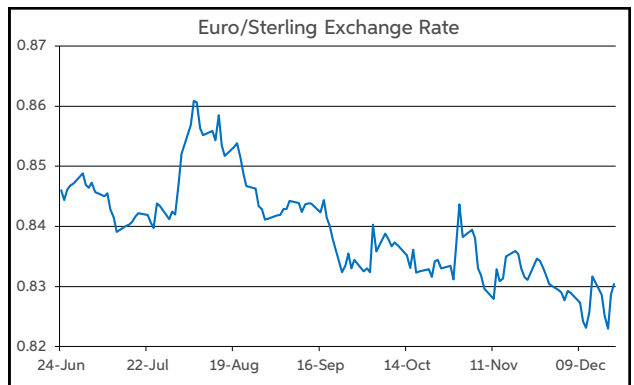
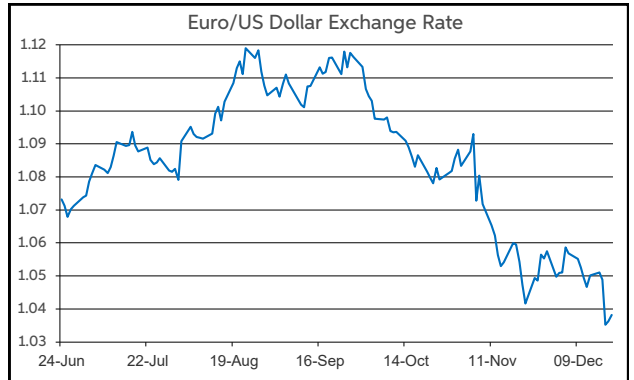
Data-wise, US Q3 GDP was revised up to 3.1% annualised in the quarter, from the previous estimates of 2.8%. In terms of some timelier data, the latest US weekly initial jobless claims data came in at 220k, below the consensus fro 230k. The data coincided with a stronger tone to the dollar. However, the greenback handed back most of its gains overnight.

Elsewhere on currency markets, sterling was under some downward pressure yesterday. Overall, sterling declined by circa 0.7% against the euro and the greenback. At the same time, the yen has remained on the back-foot.

In level terms, as trading gets underway this morning, EUR/USD opens in the top half of the \$1.03-1.04 range. EUR/GBP is up above the 83p mark. GBP/USD is operating down just below the \$1.25 threshold. Meantime, USD/JPY is up near the ¥157 handle.

Already today, UK retail sales have printed below the consensus. The headline measure rose by just 0.2% in November (vs. +0.5% f'cast). However, the release has not impacted sterling in early trading. Later today, the main highlight will be the November reading of US core-PCE inflation. A slight increase to 2.9% from 2.8% is pencilled in. The data poses some event risk for the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0382	0.02	-5.93
EUR/GBP	0.8304	0.70	-4.20
GBP/USD	1.2498	-0.68	-1.81
GBP/EUR	1.2038	-0.70	4.38
USD/JPY	156.91	1.09	11.24
EUR/JPY	162.91	1.09	4.68

* v Previous Day's European Open
See Next Page for More Rates

Opening Interest Rates						
Base Rate	Money Market			Swap Rates		
	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	4.38	4.33	4.32	4.21	4.42	4.35
EUR	3.15	2.76	2.85	2.35	2.20	2.23
GBP	4.75	4.69	4.63	4.45	4.51	4.33

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Friday 20 December 2024
07:45 am



Euro

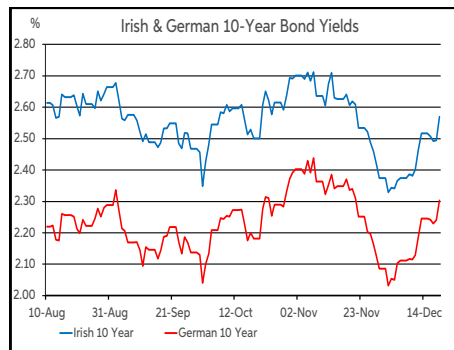
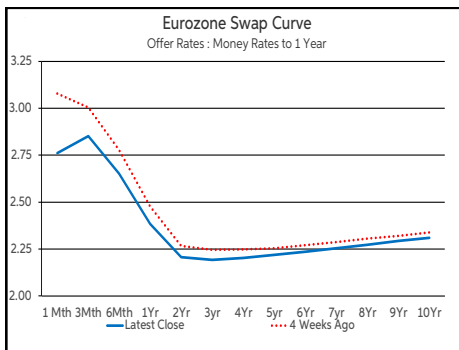
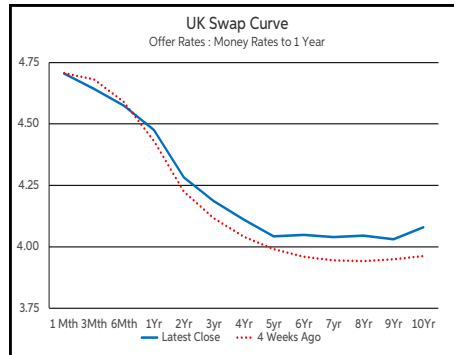
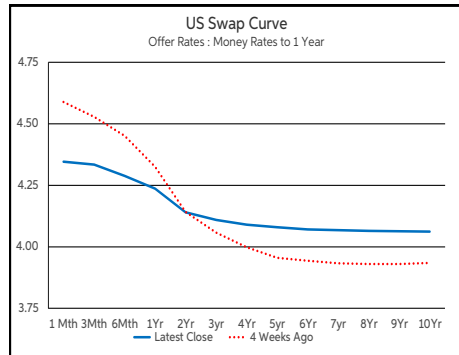
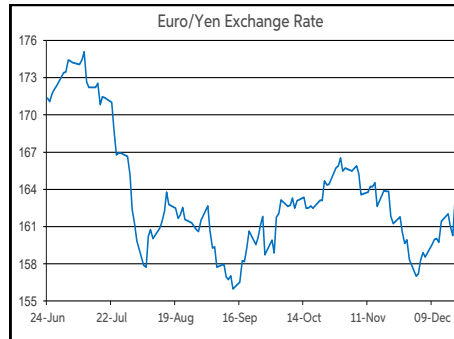
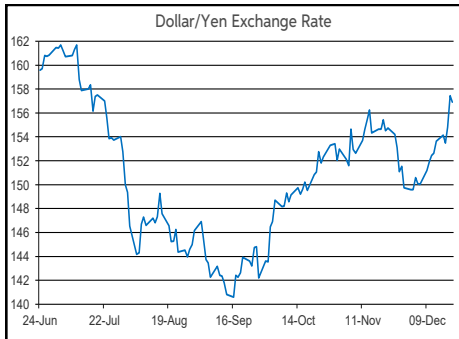
EUR/GBP	0.8304
EUR/USD	1.0382
EUR/JPY	162.91
EUR/SEK	11.4496
EUR/DKK	7.4592
EUR/NOK	11.8698
EUR/CHF	0.9315
EUR/AUD	1.6649
EUR/HKD	8.0675
EUR/CAD	1.4937

Sterling

GBP/EUR	1.2038
GBP/USD	1.2498
GBP/CAD	1.7984
GBP/NZD	2.2177
GBP/JPY	196.14
GBP/SEK	13.7749
GBP/DKK	8.9766
GBP/NOK	14.2798
GBP/CHF	1.1214
GBP/AUD	2.0044

Dollar

USD/JPY	156.91
USD/CAD	1.4389
USD/CHF	0.8972
USD/CNY	7.2986
USD/BRL	6.1525
USD/RUB	102.5
USD/INR	85.0525
AUD/USD	0.6233
NZD/USD	0.5633



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.57	+7	+14	+71
Germany	2.31	+6	-1	+28
UK	4.58	+2	+14	+104
5 Year Swap %				
US	4.35	+2	+13	+55
Eurozone	2.22	+5	-3	-21
UK	4.32	-2	+9	+67
2 Year Swap %				
US	4.40	-3	+1	+7
Eurozone	2.21	+4	-5	-59
UK	4.51	-5	+7	+25
10 Year Government Bond Spreads to Benchmark bps				
Ireland	29	-1	-3	-5
Belgium	60	-0	+0	-6
France	81	-1	+2	+28
Italy	117	+0	-10	-50
Spain	70	-1	-3	-27
Portugal	49	-0	+0	-27
Greece	88	+1	+0	-17

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	72.88	-0.69	-1.82	-5.40
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2593.9	+0.24	-2.84	+25.76

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